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SUBJECT: PRESIDENTIAL COUNCIL REPRESENTS WATERSHED IN
SENEGAL'S COMPACT DEVELOPMENT

REF: DAKAR 1204 (NOTAL)

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1. (SBU) SUMMARY: On March 2, Senegalese President Abdoulaye Wade convened an extraordinary Presidential Council to review the status of Senegal's Millennium Challenge Account (MCA) proposal. Prime Minister Macky Sall, most Ministers, heads of major independent agencies, representatives of multilateral donors, private sector and civil society leaders, media, then Charge, USAID/Senegal Director and EconOff attended. The four and one-half hour meeting was remarkable for its transparency and underscored President Wade's determination to move the MCA project forward. Subsequent meetings with Wade, Millennium Challenge Corporation (MCC) staff; Director General of the Agency for the Execution of the Diamniadio Platform (AMPMD) Habib Mbaye; and the Ministers of Finance, Industry, and Urbanism have highlighted some of the issues that must still be addressed as we work with the GOS to finalize the Compact for the complex and potentially transformative industrial platform. However, it appears that the March 2 meeting represents a watershed and has energized the Senegalese. AMPMD is certainly hiring staff and making progress on the list of things that must be done before the Compact can be signed. END SUMMARY.

2. (U) On March 2, President Wade convened an extraordinary presidential council to examine the status of Senegal's MCA proposal. Opening the meeting, Wade stressed that the proposed MCA Compact is an integral part of Senegal's Poverty Reduction and Accelerated Growth Strategies (PSRP and AGS). He stated that the Diamniadio Platform is expected to have a positive impact on the GDP growth. Wade was also clear that the Government of Senegal (GOS) has not moved fast enough. Acknowledging the MCC's concerns about inaction, Wade assured the assembly that all required actions would be completed by March 17, which they were. Wade also tied Diamniadio to other projects, including new sources of energy, the toll road from Dakar to Diamniadio, increased agricultural exports, revitalization of Senegal's fishing sector, a new airport, expanded tourism, literacy, education, training and land reform. Wade underscored that the real issues are creating jobs, adding value to Senegal's exports, and decentralizing industry to move it beyond the "Cap Vert" Peninsula on which Dakar, 30 percent of the population and 80 percent of Senegal's industry are located.

3. (U) Addressing specific MCC concerns, Wade discussed the moratorium on land transfers and development within the 2,600-hectare site, acknowledging that 112 hectares is already occupied. He publicly agreed to the appointment of an independent land observatory as well as to the appointment of a local implementation committee that would ensure a participative development process. Wade concluded his opening remarks by stressing that the objective of the MCA Diamniadio Industrial Platform is to improve the living conditions of Senegalese.

4. (U) Following presentations by Minister of Industry and Handicrafts Bienta Ba Samb, former Minister of Agriculture Habib Sy and Senior Minister of Maritime Economy and Maritime Transport Djibo Ka, Senior Minister of Economy and Finance Abdoulaye Diop and Director General of Senegal's Investment Promotion Agency (APIX) Aminata Niane discussed the need for more private

investment. Diop said public investment continues to exceed private investment even though there has been a three-fold increase in private investment over the last six years.

15. (U) Mbaye and other AMPMD staff reviewed projected financing and employment, stressing that the GOS hopes to attract more than 1,000 industries to the site over ten years. In addition to agro-industry, a new Coca-Cola bottling plant, a new Colgate-Palmolive manufacturing facility, an "Indi-Park" that would assemble Tata buses, a "gold counter," an artists' village, and an Iranian car assembly plant are already planned.

16. (U) President Wade, noting that many Senegalese are currently investing in the tourism sector, then turned to the private sector representatives and appealed to them to become involved in every aspect of the Platform. Mor Talla Kane of the National Confederation of Senegalese Employers (CNES) responded by urging the GOS to keep the

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private sector apprised and involved. Dakar Chamber of Commerce President Mamadou Lamine Niang said the platform's energy and transport needs must be urgently addressed, stressing that the railway needs to be upgraded and extended. Niang also encouraged the Government to stop land speculation and ensure that other projects do not conflict. The Mayor of Diamniadio and various civil society representatives discussed poverty reduction and enhanced mobility.

17. (U) Then Charge, USAID/Senegal Director Carduner, the IMF and World Bank representatives spoke about the viability of the project and stressed our conviction that it can create employment and reduce poverty. Charge noted our excellent bilateral relations and highlighted that Senegal was one of the first 16 countries to be eligible for the MCA. Charge also noted that if concluded, the Compact would more than double U.S. assistance from its current level of approximately USD 40 million per year to over USD 100 million per year for the five years of the Compact. Carduner encouraged a coherent, common strategy and a focus on export promotion, highlighting the need for public-private partnerships.

18. (U) Prime Minister Sall and Senior Minister for Foreign Affairs Cheikh Tidiane Gadio noted that Senegal is eligible for the MCA because of its record of good governance, respect for human rights and economic reform. They assured the assembly of the GOS' commitment to a participatory process. Sall also assured everyone that AMPMD's funding problems had been resolved.

19. (U) President Wade closed the four hour and 30 minute meeting by calling for continued dialogue among all actors. He assured everyone that the necessary decrees would be put in place (and they have been). He promised to address Senegal's very serious energy problems. Finally, he thanked President Bush for his vision, his frankness and his faith in Senegal, saying that the Diamniadio Industrial Platform would be a big success for everyone.

10. (SBU) COMMENT: Subsequent meetings with Minister of Industry Samb and APIX Director General Niane highlighted Senegal's desire to attract new types of industry in addition to the call centers that have represented a significant percentage of recent investment and are more appropriate for Dakar than for Diamniadio. Meetings with MCC and AMPMD staff, as well as with the Ministers of Finance and Urbanism, have highlighted the issues that must still be addressed as we work with the GOS to finalize the Compact for this complex and potentially transformative industrial platform. MCC staff recently commented on the new dynamic and new AMPMD staff. It appears, therefore, that the March 2 meeting represented a watershed and has energized the Senegalese. In fact, on May 29, President Wade told a visiting American that the MCA Compact remains his highest priority. END COMMENT.

JACOBS